



'Free Trade' and the death of democracy

A new free trade deal might expose governments to the will of corporations.

By: Jason Hickel - December 18, 2013

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"Free trade". The term itself is a trap - a brilliant framing device that neatly neutralises opposition. If you take a stand against free trade you appear to be taking a stand against freedom itself, which is clearly not a tenable position. In fact, in recent decades the term "free trade" has become very closely associated with "democracy", owing in no small part to the efforts of right-wing think tanks like the Heritage Foundation, the Business Roundtable, and the Cato Institute, which have built up a powerful PR campaign to establish this spurious connection in the minds of the public.

But what does freedom really mean in this context? It turns out that it has very little to do with meaningful human freedom, and rather a lot to do with corporate freedom - the freedom of corporations to extract and exploit without hindrance. "Free trade" is an obvious propaganda term, a form of Orwellian doublethink that means exactly the opposite of what it claims.

If we take a look at existing free trade agreements, such as the North American Free Trade Agreement (NAFTA), we see that they focus primarily on battering down import barriers, curbing labour unions, reducing restrictions on pollution, legalising capital flight, cutting corporate taxes, eliminating state subsidies for local industries, privatising public assets, and extending foreign patent protections. None of these measures have to do with enhancing human freedom. Rather, they are designed in the interests of multinational corporations, who through them gain access to new export markets and investment opportunities, and cheaper labour and raw materials.

The disturbing thing about the rhetorical strategy of "free trade" is that the very things that *do* promote real human freedoms - such as the right of workers to organise, equal access to decent public services, and safeguards for a healthy environment - are cast as somehow anti-democratic, or even totalitarian. These freedoms are reframed as "red tape", as "market interventions", or as "barriers to investment", even when, as is almost always the case, they have been won by popular grassroots movements exercising democratic franchise.

A new global order

In this paradigm, democracy itself begins to appear as anti-democratic, inasmuch as it grants voters control over the economic policies that affect their lives. As this absurd logic moves steadily toward its ultimate conclusion, democracy becomes an obstacle that needs to be circumvented in the interests of "free" trade and investment.

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This may sound extreme, but it is exactly what is happening today. We can see it very clearly in two new "free trade" deals that are about to come into effect: the Transatlantic Trade and Investment Partnership (TTIP), which will govern trade between the US and the European Union, and the Trans-Pacific Partnership (TPP), which will govern trade between the US and a number of Pacific nations. We hear very little about these deals because they are shrouded in secrecy, and because six of the corporations leading the negotiations happen to control 90 percent of our media. Yet we need to pay attention, because these deals are set to form the blueprint for a new global order.

The TTIP and the TPP go far beyond earlier trade deals like NAFTA, which seem almost quaint by comparison. In addition to battering down import tariffs and privatising public services, they grant corporations the power to strike down the laws of sovereign nations. You read that right. If these deals come into effect, multinational corporations will be empowered to regulate democratic states, rather than the other way around. This is the most far-reaching assault on the ideas of sovereignty and democracy that has ever been attempted in history. And it is being conducted under the banner of "freedom".

We only know about this because of a few intrepid whistleblowers who have leaked draft chapters of the TPP to the public. The leaked chapters show that corporations will seize the power to sue governments for implementing policies that threaten to reduce their potential profits. The mechanism that facilitates this is known as "investor-state dispute settlement", which sets up private tribunals to adjudicate between corporations and states. The hearings of these tribunals will be held in secret, the judges will be corporate lawyers, and there will be no right of appeal.

The consequences of TTIP

In other words, elected politicians around the world will find themselves stripped of power to defend the interests of their people and the planet against disasters such as economic crisis and climate change.

Let's imagine that Malaysian voters elect politicians who promise to roll out new worker safety standards for garment sweatshops, or new limits on the toxic chemical dyes that sweatshops dump into local rivers. Let's imagine that these new rules are ratified by the national parliament with unanimous support. If the multinational corporations that run those sweatshops - say, Nike or Primark - believe that their profits will be negatively affected, they will have the power to sue the government to stop the implementation of the new rules, subverting the will of the people and overriding the power of their

elected representatives.

Investor-state dispute settlement tribunals are already in use, so we know how they work. In El Salvador, citizens recently voted to ban a gold mine planned by Pacific Rim, a Canadian corporation, because it threatened to destroy part of the national river system. Pacific Rim is now suing El Salvador for \$315m worth of lost potential profits. In Canada, Dow Agrosiences, a US corporation, is suing the government for banning the use of its pesticides on the basis that they may cause cancer in humans. In Britain, presuming the TTIP goes ahead, US healthcare corporations are set to sue the government if it tries to prevent them from buying up the NHS, something British voters are overwhelmingly against.

In addition to allowing corporations to sue states, these new trade deals will pre-emptively prevent states from making certain laws. For example, they will make it illegal for governments to stop commercial banks from engaging in securities trading, which was one of the main causes of the global financial crisis. The deals will also prevent governments from limiting the size of too-big-to-fail banks, and will prohibit the proposed Robin Hood Tax on financial transactions. And, perhaps most worryingly of all, they will restrict governments from limiting the extraction and consumption of fossil fuels.

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This unprecedented corporate power-grab amounts to something like an international coup d'etat. It dispenses with the idea of national sovereignty, and pours scorn on the notion of elected government. The ideology of "free trade" has now overplayed its hand; it has exposed itself as a farce. With democracy about to be sacrificed on the altar of free trade, it has become abundantly clear that free trade was never meant to be about freedom in the first place.